

November 18, 2016

Ms. Cynthia A. Fortune, Finance Director
City of Grand Terrace
22795 Barton Road
Grand Terrace, CA 92313

Dear Ms. Fortune:

Subject: Amended Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1) (E), the City of Grand Terrace Successor Agency (Agency) submitted an Amended Recognized Obligation Payment Schedule (ROPS) for the period January 1, 2017 through June 30, 2017 (Amended ROPS 16-17B) to the California Department of Finance (Finance) on September 28, 2016. Finance has completed its review of the Amended ROPS 16-17B.

Based our review and application of the law, Finance has made the following determination:

Item No. 41 – 2011A Tax Allocation Bond proceeds in the amount of \$739,573 is partially allowed. The Agency requests excess bond proceeds to fund Capital Improvement Projects in the Grand Terrace Project. Finance issued a Finding of Completion on May 9, 2013, and the Agency can now utilize proceeds derived from non-housing bonds issued on or after January 1, 2011 in a manner consistent with the original bond covenants.

HSC 34191.4 (c) (2) (A) limits the Agency's expenditure authority to five percent of the 2011A Tax Allocation Bonds proceeds until the Agency has an approved Last and Final ROPS. As such, the Agency may only expend up to \$675,528 (Total Bond Proceeds in the project fund per official statement \$13,510,567 x 5 percent).

According to the Agency's supporting documentation, \$386,513 in 2011A bond proceeds was previously used on the Michigan Street design and right-of-way costs. Therefore, of the allowable amount of \$675,528, only \$289,015 is available (\$675,528 - \$386,513). Therefore, of the requested \$739,573, \$289,015 is allowed and \$450,558 is not eligible for Bond Proceeds funding.

Additionally, our approval is specifically limited to the use of excess 2011 bond proceeds pursuant to HSC section 34191.4 (c) (1). Such approval; however, should not be construed as approval of the project as an enforceable obligation.

Since the Agency did not request an adjustment to Redevelopment Property Tax Trust Fund (RPTTF) funding on the Amended ROPS 16-17B, the Agency's maximum approved RPTTF

distribution for the ROPS 16-17B period remains at \$922,100 as summarized in the Approved RPTTF Distribution table on Page 3 (See Attachment).

Please refer to the ROPS 16-17B schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's determination related to the funding of enforceable obligations reported on your Amended ROPS 16-17B. Please note there is not a Meet and Confer option for the Amended ROPS process so Finance's determination is final. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this Amended ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Cindie Lor, Supervisor, or Michael Barr, Lead Analyst, at (916) 445-1546.

Sincerely,


JUSTYN HOWARD
Program Budget Manager

cc: Mr. Harold Duffey, City Manager, City of Grand Terrace
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

Attachment

Approved RPTTF Distribution	
For the period of January 2017 through June 2017	
Authorized RPTTF on ROPS 16-17B	\$ 797,100
Authorized Administrative RPTTF on ROPS 16-17B	125,000
Total Authorized RPTTF on ROPS 16-17B	922,100
Authorized 16-17B RPTTF Adjustments	0
Total Amended ROPS 16-17B RPTTF approved for distribution	\$ 922,100